

OVERVIEW OF BUDGET

DEPARTMENT: COUNTY ADMINISTRATIVE OFFICE
COUNTY ADMINISTRATIVE OFFICER: JOHN F. MICHAELSON
BUDGET UNIT: MASTER SETTLEMENT AGREEMENT (RSM MSA)

I. GENERAL PROGRAM STATEMENT

This budget unit accounts for proceeds received from the tobacco lawsuit Master Settlement Agreement (MSA). In late 1998 a settlement was reached in a lawsuit filed by states against the tobacco industry. In California the proceeds of the settlement are to be divided equally between the state and local governments who partnered in the lawsuit. Payments to local governments are based on a formula involving total tobacco sales and each local entity's population. There is no staffing associated with this budget.

II. BUDGET & WORKLOAD HISTORY

	Actual 2000-01	Budget 2001-02	Actual 2001-02	Budget 2002-03
Total Requirements	14,459,231	21,834,622	18,341,126	26,947,289
Total Revenue	16,597,476	19,700,000	22,720,793	20,433,000
Fund Balance		2,134,622		6,514,289

Variances in expenditures between actual and budget for 2001-02 are the result of a reduced need for tobacco settlement proceeds to finance the Medical Center debt due to increased revenues contributed to the debt fund from both ARMC and the state's SB 1732 reimbursement program. Variances in revenues are the result of higher than anticipated MSA revenues, resolution of a dispute of previously withheld money resulting in one-time revenue, one-time reimbursements from non-participating counties for attorney costs, and interest earnings.

III. HIGHLIGHTS OF BOARD APPROVED CHANGES TO BUDGET (see attachments for detailed changes)

STAFFING CHANGES

None.

PROGRAM CHANGES

Program changes in services and supplies reflect a net decrease of \$1.3 million allocated from 2000-01 for Indigent Care and Tobacco Use Reduction programs; \$686,093 of the original \$2.0 million allocation remains to be spent in 2002-03 on tobacco cessation programs. Also reflected is additional one-time funding of \$5.8 million, which includes a \$4.4 million fund balance adjustment, and \$0.7 million of on-going available for 2002-03. Revenues increased based on estimated interest earnings and projected MSA revenues for 2002-03.

GROUP: Administrative/Executive			FUNCTION: General		
DEPARTMENT: County Administrative Office - Master Settlement			ACTIVITY: Finance		
FUND: Special Revenue RSM MSA					
	2001-02 Actuals	2001-02 Approved Budget	2002-03 Board Approved Base Budget	2002-03 Board Approved Changes to Base Budget	2002-03 Final Budget
<u>Appropriations</u>					
Services and Supplies	3,176,797	4,000,000	4,000,000	5,247,289	9,247,289
Total Appropriation	3,176,797	4,000,000	4,000,000	5,247,289	9,247,289
Operating Transfers Out	15,164,329	17,834,622	17,834,622	(134,622)	17,700,000
Total Requirements	18,341,126	21,834,622	21,834,622	5,112,667	26,947,289
<u>Revenue</u>					
Use of Money & Property	275,285	-	-	200,000	200,000
Other Revenue	22,445,508	19,700,000	19,700,000	533,000	20,233,000
Total Revenue	22,720,793	19,700,000	19,700,000	733,000	20,433,000
Fund Balance		2,134,622	2,134,622	4,379,667	6,514,289

COUNTY ADMINISTRATIVE OFFICE

Board Approved Changes to Base Budget

Services and Supplies	(2,000,000)	Allocation for Indigent Care and Tobacco Use Reduction programs from 2000-01.
	686,093	Tobacco Use Reduction program from 2000-01 still to be spent.
	6,561,196	Additional unallocated proceeds (includes fund balance adjustment).
	<u>5,247,289</u>	
Total Appropriations	<u>5,247,289</u>	
Operating Transfers Out	<u>(134,622)</u>	Decreased to remove fund balance adjustment from 2001-02.
Total Requirements	<u>5,112,667</u>	
Revenue		
Revenue	200,000	Estimated interest income.
	533,000	Anticipated increase in MSA revenue for 2002-03 due to census.
Total Revenue	<u>733,000</u>	
Fund Balance	<u>4,379,667</u>	